

CONFIDENTIAL

AUG 1959

MEMORANDUM FOR: Deputy Director (Support)

SUBJECT : Effect of a Five Per Cent Reduction in Funds for Fiscal Year 1961 for the Office of the Comptroller with the Addition of Funds for the Rental of a 501 RCA Computer

1. The attached tabulation (Exhibit A) shows in what categories of costs the cut of five per cent would have to be effected if the Office of the Comptroller were the subject of five per cent cut in total over-all fund requirements for Fiscal Year 1961.

2. Since the cost of operating the Office of the Comptroller is mainly that of salaries, a cut of any magnitude would, therefore, result in a reduction of personnel positions. A one per cent reduction in the number of personnel positions [redacted] has already been accomplished. An additional two per cent reduction in personnel amounts to [redacted] positions which is in line with the Agency's over-all objective for Fiscal Year 1960. To carry out this objective will be extremely difficult to accomplish and maintain the present level of servicing other components of the Agency. Presently some of the Comptroller operations can only be maintained on an overtime basis (Machine Records Division). Other operations have backlogs of work but of not a too serious nature. The only hope of effecting another two per cent reduction in personnel without impairing production is the faint possibility of reducing personnel doing machine records work when the new RCA computer is installed and working effectively.

3. To impose another reduction of ten positions in addition to the above reduction of [redacted] positions (which is necessary in order for the Comptroller to reach the over-all goal of five per cent reduction in funds) would be a crippling blow to the operations of the Office of the Comptroller and would result in the working of more overtime or creating greater backlogs of work. This is believed to be a too severe reduction in personnel and would have to be considered as an add-on item.

4. The reduction in the non-recurring item of equipment of \$4,500 would mean that the Comptroller would be compelled to discontinue replacing items of office equipment as such equipment became obsolete or worn out.

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5. The reduction in travel, excess pay and bond premium could be effected without serious consequences.

6. The large and important add-on item is the cost of renting and operating the 501 RCA Computer which is now on order through the issuance of a letter of intent. This item amounts to \$127,775 in additional cost in Fiscal Year 1961 (Exhibit B). It is hoped through the operation of the computer to effect some savings in manpower and to do more work faster and more efficiently. However, it is believed that these hoped-for savings will not materialize for at least another year.

7. The above sets forth the situation in which the Office of the Comptroller finds itself relative to the over-all five per cent reduction. It should be borne in mind that this Office has always held the line in the numbers of personnel and has tried to set an example in the way of conservatism.

  
E. R. SAUNDERS  
Comptroller

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Col Whitehead and approved  
J. S. H.

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